

Message Text

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ACTION EUR-12

INFO OCT-01 EA-09 NEA-10 IO-13 ISO-00 AID-05 CEA-01
CIAE-00 COME-00 EB-07 FRB-01 INR-07 NSAE-00
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R 271646Z MAY 77
FM USMISSION/EC BRUSSELS
TO SECSTATE WASHDC 3922
INFO ALL EC CAPITALS
AMEMBASSY TOKYO
USMISSION OECD PARIS
USDEL MTN GENEVA
USMISSION GENEVA
AMEMBASSY NEW DELHI

UNCLAS EC BRUSSELS 5455

E.O. 11652: NA
TAGS: ETRD, EEC, JA, IN
SUBJECT: HAFERKAMP PRESS COMMENTS ON ASIAN TRIP

REF: A) EC BRUSSELS 4712, B) EC BRUSSELS 4551, C) 76 EC BRUSSELS
9530, D) EC BRUSSELS 5353

1. SUMMARY: COMMISSIONER HAFERKAMP TOLD PRESS HE GERALLY
SATISFIED WITH RESULTS OF HIS MEETINGS WITH INDIANS AND
JAPANESE. EC AND INDIA WILL CONTINUE TO WORK TOGETHER
TO RESOLVE PROBLEMS OF INDIAN TEXTILE EXPORTS. FURTHER
TALKS SCHEDULED WITH JAPAN ON OPENING ITS MARKET O INCREASED
EUROPEAN EXPORTS. JAPANESE WILL EXTEND LIMITATION ON
SPECIALTY STEEL EXPORTS TO UK AND GUARANTEED THAT OVERALL
STEEL EXPORTS TO EC WILL NOT EXCEED PREVIOUS ESTIMATES.

END SUMMARY.

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2. EC VICE PRESIDENT FOR EXTERNAL AFFAIRS WILHELM HAFERKAMP
HAS SUMARIZED TO THE PRESS, IN TOKYO AND BRUSSELS,
THE RESULTS OF THE TALKS HE HAD WITH INDIAN OFFICIALS
IN NEW DELHI MAY 14-17 AND OF MEETINGS WITH JAPANESE
OFFICIALS AND BUSINESSMEN HELD IN TOKYO MAY 18-20.
HIGHLIGHTS FOLLOW:

3. EC-INDIA. HAUSERKAMP SAID HE WAS IMPRESSED BY THE HIGH QUALITY OF NEW INDIAN GOVERNMENT MEMBERS AND THEIR PLANS TO CONCENTRATE DEVELOPMENT RESOURCES ON RURAL ECONOMY AND SMALL SCALE INDUSTRY. EC WILL LOOK INTO WAYS IT CAN SUPPORT INDIAN EFFORTS IN THESE AREAS. ON GENERAL NORTH-SOUTH QUESTIONS, HAUSERKAMP STATED EC AND INDIA HAD AGREED ON NEED FOR A SUCCESSFUL CIEC OUTCOME. HE TOLD INDIANS TO LOOK ON UPCOMING MINISTERIAL SESSION AS A FIRST STEP IN DIALOGUE TO BE FOLLOWED BY OTHERS AS ECONOMIC CONDITIONS IN DC'S IMPROVE. GREATER DC ASSISTANCE TO LDC'S WILL BE FORTHCOMING IF THERE IS NO NEW WORLD ECONOMIC CRISIS. ON BILATERAL ISSUES, PARTICULARLY TEXTILES, EC AND INDIA AGREED TO CONTINUE TO WORK TOGETHER TO RESOLVE PROBLEMS. HAUSERKAMP SAID HE HAD EMPHASIZED THAT INDIA MUST KEEP IN MIND EC EMPLOYMENT PROBLEMS IN TEXTILES. HE ALSO NOTED THAT DEFINITION OF HAND-MADE TEXTILE PRODUCTS MUST BE TIGHTENED.

4. EC-JAPAN. HAUSERKAMP INDICATED HE HAD HAD GOOD EXCHANGE OF VIEW WITH JAPANESE ON OUTCOME OF DOWNING STREET SUMMIT AND HAD STRESSED TO THEM EC NEED TO ALLEVIATE ITS UNEMPLOYMENT PROBLEM. HE ALSO STATED EC AND JAPAN HAVE "VERY CLOSE" POSITIONS BOTH ON NORTH-SOUTH DIALOGUE AND MULTILATERAL TRADE NEGOTIATIONS. BULK OF HIS REMARKS DEVOTED TO BILATERAL TRADE RELATIONS. HE UNDERLINED CONTINUED EC CONCERN AT TRADE DEFICIT WITH JAPAN, SAYING IT EXCEEDED DOLS.4 BILLION IN 1976 AND COULD REACH DOLS.10 BILLION IN FEW YEARS IF CURRENT TRENDS CONTINUED

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UNCHECKED. MOREOVER, TRADE IMBALANCE HAS HIT PARTICULAR INDUSTRIES, SUCH AS SHIPBUILDING AND STEEL, VERY HARD. IF JAPANESE EXPORT GROWTH IS NOT SENSITIVE TO SECTORS AND REGIONAL EMPLOYMENT PROBLEMS IN EC, THIS COULD LEAD TO PROTECTIONIST PRESSURES WHICH COMMISSION COULD NOT RESIST. ON STEEL EXPORT, HAUSERKAMP INDICATED TALKS CONTINUING. JAPANESE WILL EXTEND THEIR UNDERTAKING ON LIMITING SPECIALTY STEEL EXPORTS (REF C) TO THE THE UK BEYOND JUNE 30. JAPANESE ALSO GUARANTEED THEY WOULD NOT EXCEED PREVIOUSLY ESTIMATED TOTAL FOR STEEL EXPORTS TO EC. THIS SAID, HAUSERKAMP TOLD PRESS THAT HE ADVISED JAPANESE THAT THE BEST WAY TO DEAL WITH PROBLEM IS BY RAPID GROWTH OF EUROPEAN EXPORTS TO JAPAN. HE NOTED THAT TALKS AIMED AT IDENTIFYING AND ELIMINATING ADMINISTRATIVE BARRIERS TO EC EXPORTS AND CONTINUING. HE ACKNOWLEDGED "SOME SUCCESS" FOR AUTOMOBILES; TALKS CONTINUE ON OBSTACLES TO PHARMACEUTICALS, CHEMICALS AND DIESEL ENGINES FOR BOATS. ON POSSIBLE JAPANESE AIRBUS PURCHASE, HE SAID HE HAD "REMINDING" JAPANESE

OF IMPORTANCE OF ROLE OF PUBLIC PRUCHASES TO EUROPEAN EXPORTS. ON PROCESSED AGRICULTURAL PRODUCTS, FURTHER TALKS ON QUOTAS AND OTHER BARRIERS TO EC EXPORTS ARE SCHEDULED FOR MID-JULY. ONE PROBLEM INVOLCVING DANISH EXPORTS OF PORK TO OKINAWA HAS ALREADY BEEN RESOLVED. HAFERKAMP ALSO DISCUSSED, IN HIS TOKYO PRESS CONFERENCE, WHAT HE TERMED "RESISTANCE" TO IMPORTS IN JAPAN AS FOLLOWS:

BEGIN QUOTE: IT IS OF COURSE TRUE THAT EUROPEAN EXPORTERS WILL HAVE TO MAKE GREATER EFFORTS IF THEY ARE TO SELL MORE ON THE JAPANESE MARKETS. THIS IS QUITE WELL UNDERSTOOD IN EUROPE. BUT IF EUROPEAN EXPORTERS ARE TO MAKE THE NECESSARY EFFORT, THEY MUST BE CONFIDENT THAT THE JAPANESE MARKET IS OPEN TO IMPORTS. HERE I MUST BE VERY FRANK. IN THE PAST THERE DOES SEEM TO HAVE BEEN AN INBUILT RESISTANCE IN THE JAPANESE ECONOMY TO LARGE-SCALE IMPORTS OF PRODUCTS THAT COMPLETE DIRECTLY WITH THE UNCLASSIFIED

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PRODUCTS OF JAPANESE INDUSTRY. THE OPEN WORLD TRADING SYSTEM, TO WHICH WE ARE ALL COMMITTED, IMPLIES ACCEPTANCE OF A GROWING INTERDEPENDENCE BETWEEN THE INDUSTRIALIZED COUNTRIES. YET UNLIKE THE OTHER INDUSTRIALIZED COUNTRIES, IMPORTS OF INDUSTRIAL GOODS INTO JAPAN ONLY AMOUNT TO 20PCT. AS OPPOSED TO MORE THAN 50PCT. IN THE CASE OF THE EUROPEAN COUNTRIES. HOWEVER, I AM GLAD TO SAY, AFTER MY TALKS AT THE KEIDANREN, THAT THERE DOES NOW SEEM TO BE A GEUINELY MORE OPEN ATTITUDE TO IMPORTS ON THE PART OF JAPANESE BUSINESS. END QUOTE.
HINTON

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